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Argentina: Notes On Economic Conditions

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Argentina: Notes On Economic Conditions

by John Neagle

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Official statistics in March showed that about a quarter of the population, or an estimated 7 million Argentines, live in poverty. Public school teachers earn a minimum salary of about \$65 a month, and most work two shifts a day. Many workers, such as factory employees and cab drivers, have two or three jobs. Before he resigned last month, Economy Minister Juan Sourrouille, said, "I have no doubt that, in the past few years, there has been an increase in the concentration of income" in the hands of the wealthy. In an effort to hedge inflation, many Argentines invest in dollars, leading to what is known as "dollarization" of the economy. Recent studies estimate that Argentines have more than \$5 billion in US dollars stashed away, while the total value of all australs in circulation is less than \$2 billion. The recent resignations of Sourrouille, Treasury secretary Mario Brodersohn and Central Bank president Jose Luis Machinea were turned in largely to improve the chances of Eduardo Angeloz, Radical Party candidate, in the May 14 presidential election. New Economy Minister Juan Carlos Pugliese predicted a return to economic stability. Meanwhile, the austral hit a new low April 12 on the black market. On the evening of April 13, Pugliese announced a new package of measures including elimination of its artificially low official exchange rate and a 14% increase in public utility costs. Economists have predicted the April inflation rate at about 25%. (Basic data from Washington Post, 04/15/89)

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